

BUSINESS OPPORTUNITY

LODGING, FOOD AND BEVERAGE, RETAIL, CAMPGROUND,
AND OTHER SERVICES

YELLOWSTONE NATIONAL PARK

DEPARTMENT OF THE INTERIOR

NATIONAL PARK SERVICE
INTERMOUNTAIN REGION

Contract No. CC-YELL077-13



SUMMARY OF BUSINESS OPPORTUNITY

The following summarizes the key elements of the business opportunity for the YELL077-13 Draft Contract. Should the facts and figures presented in this Summary differ from or contradict the Draft Contract in any way, the Draft Contract will prevail.

NATURE OF BUSINESS AND SERVICES TO BE PROVIDED

The Draft Contract describes the following visitor services.

REQUIRED VISITOR SERVICES

SERVICE	LOCATION
Lodging/Overnight Accommodations	Lodging facilities at developed areas: Mammoth, Roosevelt, Canyon, Old Faithful, Lake, and Grant. Winter lodging provided at Old Faithful. Year-round lodging provided at Mammoth.
Food and Beverage	Food and beverage outlets at developed areas offering a variety of service styles, including the Roosevelt Cookout. Food and beverage provided during the winter season at Madison Warming Hut and Old Faithful Snow Lodge. Year-round service at Mammoth.
Retail	Retail facilities at developed areas: Mammoth, Roosevelt, Canyon, Old Faithful, Lake, Grant, and Fishing Bridge.
Campgrounds	Campgrounds offering overnight campsites and sanitary dump stations at Bridge Bay, Canyon, Grant Village, and Madison.
Recreational Vehicle Park (RV Park)	Recreational Vehicle Park offering water, sewer, and electrical hookup sites at Fishing Bridge.
Transportation	Scheduled and chartered bus transportation and interpretive tours between all major developed areas on the Grand Loop Road, including on historic yellow buses. Scheduled and chartered snowcoach transportation and interpretive tours.
Marina	Bridge Bay Marina offering slip rentals, sanitary pump-out station, fuel, boat rentals, camper and canoe shuttles, limited boat repair and towing, guided lake fishing, and tour vessels on Yellowstone Lake.
Livery	Guided interpretive horse trail rides at Mammoth, Roosevelt, and Canyon. Stagecoach rides at Roosevelt. Wagon rides as part of the Roosevelt Cookout.
Laundry and Public Showers	Laundry facilities, public showers
Vending and Other Services	Vending throughout the Park, including ice, ATMs, pay telephones, firewood sales, and warming huts.



AUTHORIZED VISITOR SERVICES

SERVICE	LOCATION
Food and Beverage	Outdoor food kiosks at limited locations
Transportation	Bicycle rentals at limited locations Step-on guide service
Winter Operations and Recreation	Nordic ski rentals, lessons and guide service, snowshoe rental and guide service, guided snowmobile tours, and ice-skating at Mammoth and Old Faithful. Hot tub rentals.
Retail	Online sales
Wireless Internet Service	Per Wireless Communication Services Plan

HISTORICAL GROSS REVENUE**

	2008	2009	2010
Total Revenue	\$79,832,500	\$80,945,069	\$86,057,665

** "Gross Revenue" as shown here includes all receipts reported by the Existing Concessioner, Xanterra Parks and Resorts, Inc. A concessioner must pay fees on "gross receipts," which is gross revenue less certain expenses as defined in Sec. 2 of the Draft Contract.

HISTORICAL FRANCHISE FEES PAID

	2008	2009	2010
Franchise Fees	\$1,968,981	\$1,998,046	\$2,125,606

REQUIRED CONCESSION FACILITY IMPROVEMENT PROGRAM (CFIP)

During the term of the Draft Contract, the Concessioner must complete the CFIP outlined below:

PROJECT	ESTIMATED START DATE	ESTIMATED COMPLETION DATE	ESTIMATED TOTAL COST
Lake Yellowstone Hotel Renovation – Phase II	2014	2015	\$16,600,000
Mammoth Hotel Repositioning	2015	2016	5,400,000
Canyon Area Lodging Redevelopment	2015	2018	70,500,000
Mammoth Cabin Renovation	2015	2015	690,000
Lake Area Employee Housing	2015	2015	5,400,000
Lake Lodge Cabins Rehabilitation/Relocation	2015	2020	8,600,000
Old Faithful Employee Housing	2016	2017	9,700,000
Fishing Bridge RV Park Redevelopment	2017	2018	17,700,000
Total Estimated Cost			\$134,590,000

The Business Opportunity provides more detail about the CFIP requirements.



REPAIR AND MAINTENANCE RESERVE

Six percent (6%) of annual gross receipts

DEPRECIATING LEASEHOLD SURRENDER INTEREST

The Draft Contract provides that the Concessioner's Leasehold Surrender Interest will depreciate on a 40-year straight-line schedule. Offerors may elect to accept a provision to be inserted into the Draft Contract that will result in a lower franchise fee, higher cash flow to the Concessioner, and lower terminal Leasehold Surrender Interest value.

PROPOSED MINIMUM FRANCHISE FEE

Six and eight tenths percent (6.8%) of annual gross receipts

ESTIMATED INITIAL INVESTMENT

INVESTMENT	AMOUNT
Leasehold Surrender Interest	\$21,503,539
Personal Property	17,600,000
Inventory	750,000
Staff Recruitment & Training	1,000,000
Out of Park Employee Housing Mammoth (Year 1)*	1,500,000
Deferred Maintenance (Year 1)	2,362,000
Total	\$44,715,539

*NPS estimate for replacing employee housing lost with Mammoth Cabin Renovation CFIP

NO PREFERRED OFFEROR

The Director has determined that no Preferred Offeror for this Draft Contract exists pursuant to the terms of 36 C.F.R. Part 51. This solicitation for commercial services is fully competitive.

TERM OF CONTRACT

Twenty (20) years starting November 1, 2013. The Service may change the effective date of the Draft Contract prior to the award of the Draft Contract if the Service determines it is necessary.



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INTRODUCTION

The National Park Service ("Service") intends to award a concession contract in Yellowstone National Park for concession operations at multiple locations throughout the Park. This Prospectus describes in general terms the existing business operations and the future business opportunities for the facilities and services required by the Service. Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the Draft Concession Contract YELL077-13 ("Draft Contract"), including its exhibits, to determine the full scope of a future Concessioner's responsibilities under the Draft Contract.

The Service is conducting this solicitation in accordance with the National Park Service Concessions Management Improvement Act of 1998 (P.L. 105-391), as implemented by the Service in Title 36 of the Code of Federal Regulations (C.F.R.) Part 51. The term "Concessioner" as used in this Prospectus refers to the entity that will be the Concessioner under the Draft Contract. The term "Existing Concessioner" refers to Xanterra Parks and Resorts, Inc., the Existing Concessioner under the existing concession contract ("Existing Contract"). The Existing Contract and a copy of 36 C.F.R. Part 51 are included as Appendices to this Prospectus.

In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, the latter will prevail. In the event of any inconsistency between the description of the terms contained in this Prospectus and the Draft Contract itself, the terms of the Draft Contract will prevail.

The National Park Service presents a unique opportunity for a highly qualified hospitality operator for primary concession operations in Yellowstone National Park. The Service expects this operator to provide exceptional service to visitors to Yellowstone National Park while implementing a challenging and important Concession Facilities Improvement Program.

The operations under the Existing Contract operate at or near capacity throughout the summer season, generating over \$85 million in gross receipts annually. The Draft Contract includes a Concession Facilities Improvement Program (CFIP) that substantially enhances the revenue potential of the concession operations. The CFIP includes upgrading lodging and RV Park, food and beverage, and support services; expanding room capacity within existing facilities; and replacing deteriorated cabins with sustainable lodges.

THE NATIONAL PARK SERVICE AND ITS MISSION

In 1916, President Woodrow Wilson approved legislation creating the Service within the Department of the Interior. That legislation mandated that America's National Park Service was created by Congress to:

...conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States.... (16 U.S.C. §1a-1)

The Service has as its overall mission the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the National Park Service (NPS), visit www.nps.gov. This site includes information about the Service's mission and policies as well as information on individual park units.

MISSION OF YELLOWSTONE NATIONAL PARK

On March 1, 1872, President Ulysses S. Grant signed the Yellowstone National Park Act into law, creating the world's first national park. The Yellowstone National Park Act says, in part that:



"The tract of land in the States of Montana and Wyoming, lying near the headwaters of the Yellowstone River...is hereby reserved and withdrawn from settlement, occupancy, or sale...and dedicated and set apart as a public park or pleasuring ground for the benefit and enjoyment of the people." (16 U.S.C. § 21)

The mission of Yellowstone National Park (Park), is as stated in the State of the Park's report (1999):

"Preserved within Yellowstone National Park are Old Faithful and the majority of the world's geysers and hot springs. An outstanding mountain wild land with clean water and air, Yellowstone is home of the grizzly bear and wolf and free-ranging herds of bison and elk. Centuries old sites and historic buildings that reflect the unique heritage of America's first national park are also protected. Yellowstone National Park serves as a model and inspiration for national parks throughout the world. The National Park Service preserves, unimpaired, these and other natural and cultural resources and values for the enjoyment, education, and inspiration of this and future generations."

The Park has further clarified its mission through the following goals:

PRESERVE PARK RESOURCES

- Yellowstone's natural and cultural resources and associated values are protected, restored, and maintained in good condition and managed within their broader ecosystem and cultural context.
- Yellowstone National Park contributes to knowledge about natural and cultural resources and associated values; management decisions about resources and visitors are based on adequate scholarly and scientific information.

PROVIDE FOR THE PUBLIC ENJOYMENT AND VISITOR EXPERIENCE

- Yellowstone visitors safely enjoy and are satisfied with the availability, accessibility, diversity, and quality of Park facilities, services, and appropriate recreational activities.
- Yellowstone visitors, the American public, and the people of the world, understand and appreciate the preservation of Yellowstone National Park resources and associated values for this and future generations.

ENSURE ORGANIZATIONAL EFFECTIVENESS

- Yellowstone uses appropriate and effective management practices, systems, and technologies to accomplish its mission.
- Yellowstone increases its managerial capabilities through partnership initiatives and support from other agencies, organizations, and individuals.

The Park considers concessioners and other business operators within the Park as critical participants whose actions have dramatic and important effects upon visitors and Park resources. As such, concessioners should understand and embrace the Park's mission and work to achieve the Park's objectives while also striving to fulfill their own organizational and business goals.

The following figure provides a map of the Park including distances between developed areas. Find additional information about the Park at www.nps.gov/yell.



Figure 1: Yellowstone National Park Map



Source: National Park Service

YELLOWSTONE NATIONAL PARK VISITATION

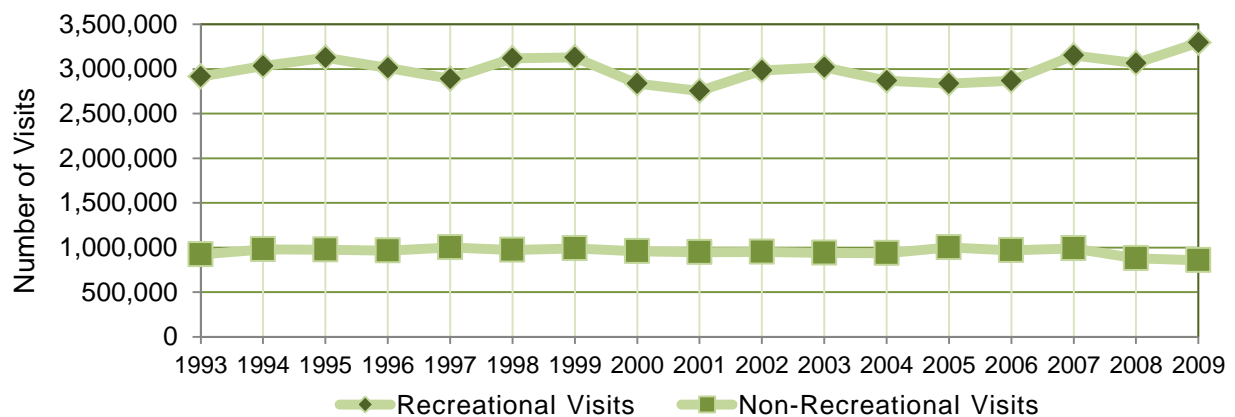
VISITOR STUDY

The 2006 Yellowstone National Park Visitor Study presents the most recent and comprehensive visitor study regarding demographics of Yellowstone National Park visitors. The complete 2006 Yellowstone National Park Visitor Study is included as an Appendix to this Prospectus.

VISITATION

Total visitation at Yellowstone National Park over the past nineteen years has remained relatively constant, with a nominal 0.5 percent compound average growth rate from 1993 to 2009. The Park achieved a peak annual visitation of 4,151,446 in 2009. Recreational visits represent approximately 76 percent of total visits¹. Figure 24 displays the number of recreational visits and non-recreational² visits to Yellowstone National Park from 1993 through 2009.

Figure 2: Recreational and Non-Recreational Visits, 1993-2009



Source: National Park Service

OVERNIGHT STAYS

Total overnight stays experienced a nominal average annual increase over the six-year period presented, slightly less than the two percent average annual growth rate of total visitation during that time. Over the six-year period, overnight stays consistently represented approximately 30 percent of total visitation, and 90 percent of all overnight visitors within Yellowstone National Park stayed in concession-operated facilities. The remaining 10 percent stayed in Park campgrounds or the backcountry.

¹ Recreational visit: The entry of any person onto lands or waters administered by the NPS. One person may generate one or more visits.

² Non-recreational visit: Commuters and other through traffic, persons going to and from in-holdings, trades-people with business in the Park, any civilian activity as a part of or incidental to the pursuit of a gainful occupation, government personnel (other than NPS employees) with business in the Park, citizens using NPS buildings for civic or local government business or attending public hearings,

² Non-recreational visit: Commuters and other through traffic, persons going to and from in-holdings, trades-people with business in the Park, any civilian activity as a part of or incidental to the pursuit of a gainful occupation, government personnel (other than NPS employees) with business in the Park, citizens using NPS buildings for civic or local government business or attending public hearings, research activities independent of the legislated interests of the NPS and conducted on behalf of the NPS.



Table 1: Yellowstone National Park Overnight Stays, 2005-2010

LODGING CATEGORY	2005	2006	2007	2008	2009	2010	TOTAL
Concession Lodging*	526,462	541,897	555,290	570,623	564,911	575,313	3,334,496
NPS Tent Campers	69,452	70,963	77,754	78,035	83,465	87,580	467,249
NPS RV Campers	64,136	62,487	66,632	57,879	64,637	69,825	385,596
Concessioner Campgrounds	484,130	415,306	536,112	434,117	509,377	512,665	2,891,707
Backcountry Campers	33,974	37,276	38,040	39,603	39,736	45,045	233,674
Group Campers	11,519	13,235	13,817	13,930	13,521	15,890	81,912
Total Overnight Stays	1,189,673	1,141,164	1,287,645	1,194,187	1,275,647	1,306,318	7,394,634

*Includes Fishing Bridge Recreational Vehicle Park

Source: National Park Service

Lodging and camping options operate at or near full occupancy throughout the summer season. In addition to Concessioner-operated campgrounds, the Service operates seven campgrounds within the Park on a first-come first-served basis. The following table provides details on Service-operated campgrounds and associated pricing.

Table 2: National Park Service Operated Campgrounds, Yellowstone National Park

CAMPGROUND	RATE	SITES
Indian Creek	\$12	75
Lewis Lake	\$12	85
Mammoth	\$14	85
Norris	\$14	100
Pebble Creek	\$12	30
Slough Creek	\$12	28
Tower Fall	\$12	31

Source: National Park Service

SEASONALITY

Most of the Service and Concessioner facilities close from October through April. The Concessioner's operating schedule reflects Park visitation patterns and, to some extent, weather conditions during shoulder and winter months.

Over 80 percent of annual recreation visitation to Yellowstone National Park occurs between the beginning of June and mid-September. Almost half of the annual recreation visitation occurs in the months of July and August. May and October represent the shoulder months for recreational visitation and together represent 14 percent of the annual total. Only 5 percent of annual recreation visitation occurs from November through April because most of the Park is closed to vehicles.

Summer: Daytime temperatures are often in the 70s and occasionally in the 80s in lower elevations. Nights are usually cool and temperatures may drop below freezing at higher elevations. Thunderstorms are common in the afternoons.

Winter: Temperatures often range from zero to 20°F throughout the day. Sub-zero temperatures over-night are common. The record low temperature is -66°F. Snowfall is highly variable. While the average is 150 inches per year, it is not uncommon for higher elevations to get twice that amount.

Spring and Fall: Daytime temperatures range from the 30s to the 60s with overnight lows in the teens to single digits. Snow is common in the spring and fall with regular accumulations of 12 inches in a 24-hour period. Sudden changes are common at any time of year.



EXISTING AND FUTURE CONCESSION OPERATIONS

Currently, Xanterra Parks and Resorts, Inc. operates the visitor services under the Existing Contract. The Existing Contract initially stipulated a term of five years, expiring on November 30, 2010. The Existing Contract was extended for three years and will expire on November 30, 2013. The Draft Contract will include the required and authorized services included in the Existing Contract with some improvements to facilities and services.

This section describes the various operations by location and service type and, where applicable, briefly describes how the required Concession Facilities Improvement Program (CFIP) will affect operations at that location. A complete description of the entire CFIP follows this section and additional documentation is provided as an Appendix to this Prospectus.

This section also presents information regarding basic financial, utilization, and operating data for the past three years in order to assist Offerors in developing projections for future operations associated with the Draft Contract. Additionally, the NPS has included some operating projections for future services.

Please note that these projections are estimates based on NPS assumptions developed considering historic operating data, industry standards, economic conditions, and comparable and competitive facilities. The NPS does not guarantee these projections will materialize and assumes no liability for the accuracy of the projections presented. Offerors must compile and present their own financial projections based on independent assumptions and industry knowledge.

The Concession operations associated with the Existing Contract generated over \$85 million in revenue in 2010, 46 percent of which came from the lodging department. The food and beverage and retail departments produced the second and third largest revenue, comprising 30 and 14 percent of gross receipts, respectively. Despite the economic downturn, the Existing Concessioner's revenue grew between 2008 and 2010, increasing 8.3 percent. The following table details gross revenues by department between 2008 and 2010.

Table 3: YELL077 Gross Revenue by Department 2008-2010

DEPARTMENT	2008	2009	2010
Lodging	\$35,731,497	\$37,636,356	\$39,353,428
Food and Beverage	24,580,484	24,053,331	25,942,610
Retail	10,762,869	10,270,439	11,836,968
Marina	662,744	704,050	720,058
Transportation	2,365,521	2,240,758	2,523,866
Stables	1,061,030	955,275	1,029,048
Camping	3,391,114	3,899,157	3,508,978
Other	1,277,241	1,185,703	1,142,709
Total Gross Revenue	\$79,832,500	\$80,945,069	\$86,057,665

Source: National Park Service



The following table provides a more detailed overview of the services included in the Draft contract.

Table 4: Required Visitor Services

SERVICE	LOCATION
Lodging/Overnight Accommodations	Lodging facilities at developed areas: Mammoth, Roosevelt, Canyon, Old Faithful, Lake, and Grant. Winter lodging provided at Old Faithful. Year-round lodging provided at Mammoth.
Food and Beverage	Food and beverage outlets at developed areas offering a variety of service styles, including the Roosevelt Cookout. Food and beverage provided during the winter season at Madison Warming Hut, and Old Faithful Snow Lodge. Year-round service at Mammoth.
Retail	Retail facilities at developed areas: Mammoth, Roosevelt, Canyon, Old Faithful, Lake, Grant, Fishing Bridge
Campgrounds	Campgrounds offering overnight campsites and sanitary dump stations at Bridge Bay, Canyon, Grant Village, and Madison.
Recreational Vehicle Park (RV Park)	Recreational Vehicle Park offering water, sewer and electrical hookup sites at Fishing Bridge.
Transportation	Scheduled and chartered bus transportation and interpretive tours between all major developed areas on the Grand Loop Road, including on historic yellow buses. Scheduled and chartered snowcoach transportation and interpretive tours.
Marina	Bridge Bay Marina- offering slip rentals, sanitary pump-out station, fuel, boat rentals, camper and canoe shuttles, limited boat repair and towing, guided lake fishing, and tour vessels on Yellowstone Lake.
Livery	Guided interpretive horse trail rides at Mammoth, Roosevelt and Canyon. Stagecoach rides at Roosevelt. Wagon rides as part of the Roosevelt Cookout.
Laundry and Public Showers	Laundry facilities, public showers
Vending and Other Services	Vending throughout the park, including ice; ATMs; pay telephones; firewood sales; and warming huts.

Table 5: Authorized Visitor Services

SERVICE	LOCATION
Food and Beverage	Outdoor food kiosks at limited locations
Transportation	Bicycle rentals at limited locations Step-on guide service
Winter Operations and Recreation	Nordic ski rentals, lessons and guide service, snowshoe rental and guide service, guided snowmobile tours, and ice skating at Old Faithful and Mammoth. Hot tub rentals.
Retail	Online sales
Wireless Internet Service	Per Wireless Communication Services Plan



The following table details changes to the YELL077-13 contract in comparison to the YELL077-05 contract.

Table 6 – Comparison of Required and Authorized Visitor Services

SERVICE	EXISTING CONTRACT	YELL077-13 CONTRACT
LODGING/OVERNIGHT ACCOMMODATIONS		
Mammoth Hotel	Required summer and winter	Required year-round
Old Faithful Inn	Required in summer	No change
Old Faithful Lodge	Required in summer	No change
Old Faithful Snow Lodge	Required summer and winter	No change
Roosevelt Lodge	Required in summer	No change
Canyon Lodge and Cabins	Required in summer	No change
Lake Yellowstone Hotel	Required in summer	No change
Lake Lodge	Required in summer	No change
Grant Village	Required in summer	No change
FOOD AND BEVERAGE		
Food and beverage outlets offering a variety of service styles (quick service, cafeteria, full service)	Required in assigned areas. Food and beverage provided during the winter season at Mammoth and Old Faithful	No change
Roosevelt Cookout	Required	No change
Outdoor food kiosks at limited locations	Authorized but not provided	Authorized
RETAIL		
Retail facilities located within the assigned area	Required	No change
Internet Sales	Authorized	No change
CAMPGROUNDS		
Campgrounds offering overnight camp sites at Canyon, Madison, Bridge Bay, and Grant Village	Required	No change
RECREATIONAL VEHICLE (RV) PARK		
Recreational Vehicle Park (RV Park) offering hookup sites at Fishing Bridge	Required	No change
TRANSPORTATION		
Scheduled and chartered bus transportation and interpretive tours between all major developed areas on the Grand Loop Road, including on historic yellow buses. Scheduled and chartered snowcoach transportation and interpretive tours.	Required	No change
Bicycle rentals at limited locations	Authorized	No change
Step-on Guide Service	Authorized	No change
Interpretive tours using historic vehicles (yellow buses)	Authorized	Required
MARINA		
Boat slip rentals	Required	No change
Sewage pumping	Authorized	No change
Guided lake fishing	Required	No change
Tour vessels on Yellowstone Lake	Required	No change
Fuel	Contract is silent	Required
Boat rentals	Required	No change
Camper and canoe shuttles	Required	No change
Limited boat repair and towing	Required	No change
LIVERY STABLE		
Guided interpretive horse rides	Required at Canyon and Roosevelt	Required Canyon, Roosevelt and Mammoth



SERVICE	EXISTING CONTRACT	YELL077-13 CONTRACT
Stagecoach and wagon rides at Roosevelt	Required	No change
WINTER OPERATIONS AND RECREATION		
Snowmobile rentals	Authorized	Not authorized
Snowmobile guided tours	Authorized	No change
Nordic ski and snow shoe rentals, lessons, guide service and hikes. Ice skating at Mammoth and Old Faithful	Authorized	No change
Hot tub rentals for non-hotel guests at Mammoth	Authorized	No change
VENDING AND OTHER SERVICES		
Vending throughout the park	Required	No change
Ice vending	Authorized	Required
Firewood sales	Authorized	Required
Laundry facilities and public shower	Required	No change
Automated teller machines (ATMs)	Required	No change
Warming huts	Authorized	No change
Wireless Internet Service	Contract is silent	Authorized

LODGING

The Draft Contract requires overnight accommodations at nine locations throughout the Park providing a variety of services and price points. Table 7 displays the combined overnight accommodations statistics for all lodging properties over the past three-year period.

Table 7: Overnight Accommodations Operating Statistics

STATISTIC	2008	2009	2010
Occupancy	90-95%	90-95%	95-100%
Average Daily Rate (ADR)	\$125-135	\$135-145	\$140-150

Source: National Park Service

The Park's overnight accommodations achieve occupancy rates far exceeding industry averages. Under legal and administrative authority, the Service ensures that the rates charged to Park visitors are comparable to similar facilities found in surrounding markets.

MAMMOTH HOT SPRINGS HOTEL



The historic Mammoth Hot Springs Hotel, located at Mammoth Hot Springs, near the base of the Mammoth Terraces in the northwestern part of the Park, features 97 rooms in the main hotel building, 29 of which have a shared bath. The operation also includes 111 non-winterized cabins and four winterized cabins with fenced-in hot tubs. The hotel features a coffee cart and gift shop within its main building. A separate building located adjacent to the hotel has two food and beverage operations. In the winter, the Existing Concessioner has offered cross-country ski and snowshoe rentals and lessons. Historically, the hotel and associated restaurant

operated only during the summer and winter seasons, but the Draft Contract requires year-round operations. This will also allow the Concessioner to increase the number of available days for the non-winterized cabin rentals due to food service availability. Mammoth Hotel is the only overnight facility accessible by automobile between December and May.

The CFIP will require the Concessioner to convert the space in the hotel currently used for administrative functions to lodging rooms (three without bath, three with bath, and one two-bedroom suite), and a special



events area, including a small support kitchen. Additionally, the Concessioner is required to renovate the vacant historic Haynes Photo Shop to house the administrative functions removed from the hotel.

The CFIP also requires the Concessioner to convert 14 cabins currently used for concession employee housing to visitor use. The Service expects the Concessioner to provide housing for the displaced employees outside the Park.

ROOSEVELT LODGE AND CABINS



Roosevelt Lodge and Cabins, located in the northeastern section of the Park near Tower Junction, includes 80 cabins featuring a Western theme, some of which have private baths and others that share three common bathhouses. The cabins with shared baths offer heating through wood-burning stoves only. The lodge's main building includes registration for accommodations, a small retail area, a lounge, a restaurant, and rocking chairs on the front porch for visitor enjoyment. This location also includes the Roosevelt Corral, where livery activities and transportation for the Roosevelt Cookout begin and end.

CANYON LODGE AND OVERNIGHT ACCOMMODATIONS

Canyon Lodge, located in the east-central portion of the Park, near the Grand Canyon of the Yellowstone, provides overnight accommodations, food and beverage, retail, and livery operations. The lodging includes 478 cabins constructed in the 1950s and 1960s, as well as 81 lodge rooms in two lodges, Dunraven and Cascade, constructed in the 1990s. The Canyon Lodge building includes a registration area, restaurant, lounge, cafeteria, deli, and gift shop. Livery operations occur at the nearby Canyon Corral.



This CFIP will follow the Park's 1987 Canyon Redevelopment Plan to complete the phased replacement of the cabins with up to six multi-room lodges including the replacement of obsolete infrastructure.



OLD FAITHFUL INN

The Old Faithful Inn, a National Historic Landmark constructed in 1904, overlooks the Old Faithful Geyser and offers immediate access to the active geyser basin lined with accessible pathways. The hotel includes 327 rooms with a variety of types, including 75 rooms with common baths and six suites. The hotel features a dining room, lounge, coffee cart, gift store and deli.



OLD FAITHFUL LODGE AND CABINS

The Old Faithful Lodge and Cabins, also located near Old Faithful Geyser and the geyser basin, feature a registration area, gift shop, snack shop, ice cream shop, and cafeteria in the lodge building, with overnight accommodations available in 96 historic, rustic cabin units, some of which have private baths and others that share common baths.

OLD FAITHFUL SNOW LODGE



The Old Faithful Snow Lodge, also located in the Old Faithful Village area and the newest overnight accommodations facility within the Park, opened in 1998. The lodge has 100 guest rooms within the main building and 34 associated cabin units. The Old Faithful Snow Lodge is open for both winter and summer seasons. During the winter, the roads to the Old Faithful area are unplowed and access occurs only via snowcoach or snowmobile. The hotel features a gift shop, a fast food restaurant, and full-service restaurant and lounge. During

the winter season, the hotel offers winter equipment rentals and activities.

For the Old Faithful area operations, the CFIP requires the Concessioner to construct a 77-room employee dormitory. Upon completion, the Concessioner will convert 67 cabins currently used to house Concessioner employees to overnight accommodations for visitors.

LAKE YELLOWSTONE HOTEL



Constructed in 1889 and listed on the National Register of Historic Places, the Lake Yellowstone Hotel is situated on the northern shoreline of Yellowstone Lake in the southeastern portion of the Park. The Service has nominated the hotel as a National Historic Landmark. The hotel features 158 rooms within its main building, 36 adjacent rooms, and 102 associated cottages with baths. The hotel has a dining room, sunroom and lobby with lounge services, gift shop and deli.

The Existing Concessioner is completing Phase I of the Lake Yellowstone Hotel Renovation during the Existing Contract. Phase 1 consists of structural seismic stabilization of the Central and West wings. In addition, the Existing Concessioner is repositioning 53 guest rooms into 42 guest rooms including 11 suites, addressing ADA accessibility issues, restoring all windows and renovating all interior finishes of those wings including the sunroom, lobby, public areas, dining room and gift shop.

The CFIP requires the Concessioner to complete Phase II of the project, including retrofitting the rest of the building for seismic structural stabilization and expanding and modernizing the deli services to increase utilization and improve quality food services. Additionally, the Concessioner must retrofit the adjacent boiler building for seismic stabilization and remodel it to accommodate administrative offices displaced by the deli project at the hotel. The boiler building portion of the project must be completed prior to the Phase II hotel construction.



LAKE LODGE AND CABINS



The Lake Lodge and Cabins, located near Yellowstone Lake approximately half a mile from Lake Yellowstone Hotel, feature 86 rustic Pioneer cabins with baths and 100 Mission 66 Western cabin units. The main lodge building includes a registration area, public laundry, cafeteria, lounge, and gift shop.

The CFIP requires the Concessioner to rehabilitate 19 Pioneer cabin buildings, rehabilitate and relocate another 15 Pioneer cabin buildings, and relocate six four-plex Western cabin buildings.

For both Lake-area operations, the CFIP requires the Concessioner to demolish one employee dormitory and replace it with a new 60-room dormitory.

GRANT VILLAGE



Grant Village, located in the southern part of the Park, features 300 rooms in six two-story lodge structures, a registration building with a small retail area, two full-service restaurants, and a small lounge adjacent to Yellowstone Lake.

HISTORICAL LODGING OPERATING STATISTICS

Table 8 highlights operating revenue statistics for the lodging operations. This information demonstrates that the overall occupancy level for the Park continued to exceed industry averages even during the recent recession. These facilities operate seasonally and enjoy the competitive advantage of their location within Yellowstone National Park.

Table 8: Lodging Properties Revenue Statistics, 2008-2010 average

LOCATION	ROOMS	OCCUPANCY	AVERAGE DAILY RATE
Mammoth Hot Springs	212	85-90%	\$90-\$95
Roosevelt Lodge	80	95-100%	\$60-\$65
Canyon Lodge	504	90-95.0%	\$95-\$100
Old Faithful Inn	327	95-100%	\$150-\$155
Old Faithful Lodge	96	95-100%	\$80-\$85
Old Faithful Snow Lodge	134	85-90%	\$145-\$150
Lake Yellowstone Hotel	304	90-95%	\$150-\$155
Lake Lodge	186	95-100%	\$95-\$100
Grant Village	300	90-95%	\$120-\$125

Source: National Park Service

The Old Faithful Lodge Cabins and the Roosevelt Lodge had the highest occupancies of all Park lodging facilities, achieving nearly 100 percent occupancy from the 2008 to 2010 seasons, primarily because they offer relatively affordable room rates and are close to top attractions within the Park. The Old Faithful Snow



Lodge and Mammoth Hot Springs Hotel and Cabins have the lowest occupancies with average annual occupancies below 90 percent, influenced by operating during the winter months with occupancies generally lower than 70%. The relatively low winter occupancy, however, remains above industry averages.

The Service expects lodging occupancy under the Draft Contract to remain strong because of consistently high visitation to the Park. Several of the CFIP projects will result in additional lodging capacity and extended seasons.

For 2011 approved rates at all lodging facilities, please refer to an Appendix of this Prospectus.

FOOD AND BEVERAGE

The Existing Concessioner operates 27 revenue producing food and beverage outlets, including coffee carts, lounges, fast food restaurants, cafeterias, cookouts, and full service restaurants, with a combined 3,100 seats operating near capacity throughout the peak season. Food and beverage operations usually occur within the overnight accommodations facilities or in separate buildings located near the overnight accommodations.

Table 9: YELL077 Food and Beverage Facilities

LOCATION	OPERATION	TYPE OF SERVICE	SEATS
Mammoth	Dining Room	Family Casual	170
Mammoth	Terrace Grill	Fast Food	139
Mammoth	Cocktail Lounge	Bar/Cocktail Lounge	49
Roosevelt Lodge	Dining Room	Family Casual	84
Roosevelt Lodge	Cook-out	Temporary Food Services	210
Roosevelt Lodge	Cocktail Lounge	Bar/Cocktail Lounge	16
Canyon Village	Canyon Cafeteria	Cafeteria	223
Canyon Village	Dining Room	Family Casual	192
Canyon Village	Picnic Shop	Snack Bar/Fast Food	19
Canyon Village	Cocktail Lounge	Bar/Cocktail Lounge	56
Old Faithful Inn	Dining Room	Family Casual	300
Old Faithful Inn	Bear Paw	Snack Bar/Fast Food	14
Old Faithful Inn	Bear Pit Lounge	Bar/Cocktail Lounge	76
Old Faithful Lodge	Cafeteria	Cafeteria	309
Old Faithful Lodge	Snack Shop	Snack Bar/Fast Food	0
Old Faithful Lodge	Ice Cream Shop	Fast Food	0
Old Faithful Snow Lodge	Dining	Family Casual	106
Old Faithful Snow Lodge	Firehole Lounge	Bar/Cocktail Lounge	46
Old Faithful Snow Lodge	Geyser Grill	Fast Food	100
Lake Hotel	Dining Room	Upscale Casual	268
Lake Hotel	Deli	Fast Food	21
Lake Hotel	Service Bar	Bar/Cocktail Lounge	125
Lake Lodge	Cafeteria	Cafeteria	194
Lake Lodge	Cocktail Lounge	Bar/Cocktail Lounge	28
Grant Village	Dining Room	Family Casual	176
Grant Village	Lake House	Family Casual	176
Grant Village	Lounge	Bar/Cocktail Lounge	14

Source: National Park Service



Under the Existing Contract, the food and beverage department achieved departmental income between 25 and 30 percent of total revenue.

The limited service outlets at Lake Yellowstone Hotel, Mammoth Hot Springs Hotel, Old Faithful Lodge, and the Old Faithful Snow Lodge experienced slight declines in total covers between 2008 and 2010.

RETAIL

The Existing Concessioner operates nine retail outlets that vary in size and location. Locations include designated space within the lodging facilities, separate buildings adjacent to other public space, such as restaurants, and small retail shelving areas adjacent to the guest registration areas. During the Existing Contract term, retail revenue remained consistent. The Service anticipates no substantial changes to retail operations under the Draft Contract and expects retail revenues will increase as an ancillary result of increased lodging capacity and operating days, as well as by inflation.

Table 10: YELL077 Retail Outlets

LOCATION	SQUARE FOOTAGE
Mammoth Hotel	930
Roosevelt Lodge (limited)	150
Canyon Lodge	1,475
Old Faithful Inn	2,599
Old Faithful Lodge	1,825
Old Faithful Snow Lodge	1,850
Lake Yellowstone Hotel	1,370
Lake Lodge	1,400
Grant Village	414
Fishing Bridge (limited)	150

Source: National Park Service

CAMPGROUNDS AND FISHING BRIDGE RV PARK

The Existing Concessioner operates four campgrounds throughout the Park with 431 sites available at Bridge Bay Campground, 277 sites available at Madison Campground, 272 sites available at Canyon Campground, and 425 sites available at Grant Village Campground.

Utilization of campground facilities is strong, ranging from 60-65 percent to 90-95 percent between 2008 and 2010. The Bridge Bay and Madison campgrounds have three-year average occupancies that are almost 20 percent below those of Canyon and Grant Village, which is likely due to the length of season and the number of available sites at Bridge Bay and Madison campgrounds. The Canyon and Grant Village campgrounds are both close to other visitor services, thus enhancing their appeal. The Average Rate is similar across campground facilities. The Service anticipates campground operations and revenue will remain the same, increasing only by inflation.

Table 11: Camping Revenue Statistics, 2008, 2009, and 2010 average

LOCATION	OCCUPANCY	AVERAGE RATE
Canyon	90-95%	\$15-\$20
Grant Village	75-80%	\$15-\$20
Fishing Bridge	80-85%	\$30-\$35
Bridge Bay	62-68%	\$15-\$20
Madison	68-72%	\$15-\$20

Source: National Park Service



Fishing Bridge RV Park

The Fishing Bridge RV Park features 358 RV sites with paved pads, electrical, water, and sewer hookups. It is located near other visitor services.

The CFIP for Fishing Bridge RV Park requires the Concessioner to renovate sites in Loops E-G (Area C in Appendix 3) to accommodate larger RVs, replace deteriorated infrastructure, renovate the existing camper services facility and comfort stations, and construct a new comfort station with showers. At the completion of the renovation, this location will contain 328 sites. Despite the loss of 30 RV sites, the Service anticipates increased revenues resulting from the completion of the CFIP projects due to increased rates for better amenities.

TRANSPORTATION

The Existing Concessioner operates tours in both modern and historic yellow buses. The Existing Concessioner also provides snowcoach tours and shuttles and guided snowmobile tours during the winter season. The Draft Contract requires the Concession to provide the bus tours and snowcoach services and authorizes snowmobile tours.

MARINA

The Existing Concessioner offers the following services at the Bridge Bay Marina: one-hour scenicruiser tours, transient slips, guided lake fishing trips, shuttle services providing visitor drop-offs for camping and backcountry access, gasoline sales, boat rentals, and limited boat repair services. The existing operation includes 80 rental slips, one fuel dock, 28 motorized rental boats, two rental canoes, and nine rental rowboats. Marina operations are very susceptible to unpredictable weather conditions, resulting in revenue fluctuations. The potential for revenue during a good weather season is strong. The Service expects that the marina operations under the Draft Contract will continue to operate as they do under the Existing Contract.

LIVERY STABLE SERVICES

The Existing Contract requires livery stable services for guided horseback trail rides at Mammoth, Roosevelt, and Canyon; stagecoach rides at Roosevelt; and stagecoach and wagon rides as part of the Roosevelt Cookout. The Existing Concessioner has 194 horses total for the services at all three locations. The Draft Contract requires the continuation of all of these services with no substantial changes. The Service anticipates revenue similar to that achieved under the Existing Contract, subject only to inflation.

OTHER SERVICES

Other services include vending, laundry, and public showers. In winter months, this category also includes limited food and beverage service at the warming hut at Madison, equipment rental for ice-skating, cross country skiing and snowshoes, and ski and snowshoe tours at Old Faithful and Mammoth, and hot tub rentals at Mammoth. Under the Draft Contract, additional revenue sources include ATMs.

EMPLOYEE SERVICES

EMPLOYEE MEDICAL SERVICES

The Existing Contract requires the Existing Concessioner to provide in-Park health coverage for its employees. The Existing Concessioner fulfills this responsibility (operationally and financially) by the use of a concessioner-operated medical service that operates three clinics in the Park (one year-round). The Existing Concessioner expends \$600,000 per year to the medical services concessioner. A copy of the current agreement describing the relationship between the Service, the Existing Concessioner and the Park's medical concessioner appears as an Appendix to this Prospectus.

Under the Draft Contract, the Concessioner must provide in-Park health coverage for its employees and access to out-of-park medical care when necessary. The Concessioner may fulfill this responsibility for employees not covered by the Concessioner's health insurance program by the use of the medical concessioner-operated service. For purposes of this Prospectus, the Service has assumed that the



Concessioner will expend approximately \$600,000 per year (expressed in 2012 dollars, to be adjusted annually for inflation) for this service.

EMPLOYEE HOUSING, DINING ROOMS, AND RECREATION

The Draft Contract requires the Concessioner to provide food service, housing, and recreation for the majority of its seasonal workforce and for numerous members of the permanent staff. The Concessioner may charge employees a sufficient amount to recover the cost of providing these services. The Existing Concessioner employs 175 year-round staff and approximately 3,000 seasonal staff and provides housing, employee food services, and recreational opportunities as non-profit centers.

The following table details employee housing assigned to the Existing Concessioner:

Table 12: YELL077 Assigned Employee Housing

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Mammoth	Employee Cabins	14	14	3,255	Residence 02-010 M3	1	1	3,248
	Lodgepole Dorm	34	66	9,804	Residence 02-011 M1	1	1	4,544
	Juniper Dorm	50	108	15,945	Residence 02-012 M2	1	1	3,453
	Spruce Dorm	22	55	12,130	Residence 02-013 M8	1	1	2,830
	Aspen Dorm	50	100	15,670	Residence 02-015 M4	1	1	1,780
	Terrace Dormitory	18	31	8,478	Residence 02-016 M89	1	1	1,953
					Residence 02-017 M5	3	3	3,060

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Roosevelt	Employee Cabin	59	59	12,408

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Canyon Village (CV)	Moose Dorm (Located in CV Lodge)	8	15	2,800	Wapiti Dorm	50	100	12,780
	Bighorn Dorm	59	118	12,640	Winterkeeper Residence	1	1	1,685
	Bison Dorm	50	100	12,780	Wrangler Cabin	1	1	570
	Grizzly Dorm	50	100	12,780	Canyon Village Cabins	10	20	5,225

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Old Faithful	Maintenance Manager Residence	1	1	1,275	Columbine Dorm	31	62	9,360
	Bitterroot Dorm	50	100	15,040	Winter Keepers Cabin	1	1	755
	Laurel Dorm	72	150	17,226	Obsidian Dorm	50	100	14,852
	Lupine Dorm	50	100	15,004	Bats Alley	8	8	1,000
	Larkspur Dorm	77	150	33,362	Old Faithful Lodge Cabins	67	120	15,360



	Employee Apt	14	14	13,794				
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LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Lake Yellowstone	Osprey Dorm	50	99	15,010	Teal Dorm	16	32	4,288
	Pelican Dorm	50	99	15,010	Seagull Dorm	12	24	1,911
	Trumpeter Dorm	8	10	4,137	Goldeneye Dorm	50	99	15,298

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Lake Lodge	Mallard Dorm	46	89	15,041	Employee Cabin "0", "00", "000"	3	3	860
	Winterkeeper Cabin	1	1	750	Employee Cabin 1, 2, 3, 5	4	4	1,420
	Personnel Cabin	1	1	280	Employee Cabin E1-E58	59	59	180 SF each
					Employee Cabin E200-E203	4	4	180 SF each

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Grant Village	Grayling Dorm	76	152	39,848	Old Dorm 3-8	8	10	1440
	Employee Cabin A1-4 - M1-4	52	104	9,295				

LOCATION	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF	NAME	# ROOMS	EST. # PEOPLE	TOTAL SF
Gardiner	Residence 25-001 G1	1	1	1,676	Bunkhouse	32	64	16,600
	Residence 25-002 G2	1	1	1,562	LEED Residence 403-A	1	1	1,995
	Residence 25-003/004 G3/G4	2	2	2,910	LEED Residence 403-B	1	1	1,995
	Residence 25-005 G5	1	1	2,582				

Source: National Park Service,

Three CFIP projects will affect employee housing at Mammoth, Old Faithful Village, and the Lake Area. Interested Offerors should review the description of the CFIP projects to understand those projects.

The following table details employee dining rooms (EDR), pubs and recreation halls assigned to the Existing Concessioner by location.



Table 13: YELL077 Employee Dining Rooms, Pubs and Recreation Halls

LOCATION	APPROX. EDR SF	APPROX PUB SF	APPROX. REC HALL SF
Mammoth	1,860	2,580	11,100
Roosevelt	1,000		600
Canyon Village	3,000	1,200	2,000
Old Faithful Inn	1,520		
Old Faithful Pub	0	5,508	
Old Faithful Lodge	0		12,000
Old Faithful Snow Lodge	2,352		
Lake Lodge	900	4,290	11,000
Lake Hotel	1,056		
Grant Village	1,316	2,400	

Source: National Park Service,

WINTERKEEPING

The opening and closing of facilities creates operational challenges for the Concessioner, as at the end of each facility's operating season, the Concessioner must winterize the facilities and prepare for winterkeeping and spring re-opening. At the beginning of the season, the Concessioner must inspect each facility to ensure it is ready for reopening. Furthermore, as staffing needs are seasonal, the Concessioner must manage human resources to ensure appropriate staffing levels throughout the year.

ASSIGNMENT AND REPLACEMENT OF GOVERNMENT-OWNED PERSONAL PROPERTY

The Service owns much of the personal property (including vehicles, furniture and fixtures, and antiques) to be used under the Draft Contract and assigns it to the Concessioner. During the term of the Draft Contract, the Concessioner may find it necessary to replace government-owned personal property items. When the Concessioner replaces items currently owned by the government, the items become property of the Concessioner. A list of the government-owned personal property to be assigned to the Concessioner is provided in Exhibit E to the Draft Contract.

An exception to this general rule involves the historic personal property assigned to the Concessioner. To the extent possible, the Service expects the Concessioner to maintain all of the historic personal property in good working condition throughout the term of the Draft Contract. The Concessioner must obtain approval from the Service prior to disposing of any historic personal property.



OTHER COMMERCIAL SERVICE PROVIDERS

In addition to the services offered under the Existing Contract, other concessioners operate inside Yellowstone National Park. Yellowstone Park Service Stations, Inc. (CC-YELL004-08) operates seven service stations with repair and convenience items; Delaware North Parks & Resorts, Inc. (CC-YELL002-03), operates 12 retail general stores which include quick service dining options; Medcor, Inc. (CC-YELL001-10), operates two seasonal and one year-round medical clinics, providing emergency medical services; 13 snowcoach operators offer guided winter tours of the Park, and 48 outfitters offer guided day and overnight stock tours with horses (46) or llamas (2).

The Service issues approximately 180 Commercial Use Authorizations (CUA) for commercial services that have minimal impact on the Park's resources and values. They provide services such as guided road-based tours, snowmobile trips, photography instruction, fishing, and kayaking. The following table provides further details on CUAs in effect in 2011.

Table 14: Yellowstone Commercial Use Authorizations

TYPE	#	TYPE	#
Day Hiking	18	Natural History Tours	3
Backpacking	21	Natural History Tours by Snowcoach	1
Biking	7	Photography Instruction	14
Canoeing	6	RV Appliance Repair	1
Fishing/Dories	42	RV Repair	1
Kayaking	7	Shuttle Service	1
Front-country Camping	4	Skiing	11
Locksmith	0	Towing	17
Float Tubes	14	Transportation	74
Motorized Boats < 16'	3	Water Access	4
Motorized Boats > 16'	6	Snowmobile Tours	20

Source: National Park Service



CONCESSION FACILITIES IMPROVEMENT PROGRAM (CFIP)

The Draft Contract requires the Concessioner to undertake and complete an improvement program (hereinafter Concession Facilities Improvement Program, or CFIP) costing not less than \$121 million and not more than \$148 million as adjusted for each project to reflect par value in the year of actual construction in accordance with the appropriate indexes of the Department of Labor's CPI-U Index, as published by the Department of Labor. Available design documentation is included as Appendix 3 (Included as a separate CD) to this Prospectus. Included designs range from very basic to very detailed. The Mammoth Cabin Renovation document is from a project the Existing Concessioner undertook and is included as an example only. The NPS approves all final designs.

The Service estimates the personal property investment associated with the CFIP projects at \$10,525,000 in the first seven years of operation. Personal property primarily consists of furnishings in newly constructed or refurbished facilities.

CFIP SCHEDULE

The following table details a proposed timeline for completion of the construction associated with each project. The Service aims to accomplish most of the investment in the early years of the Draft Contract to resolve ongoing issues with the quality of visitor services and the protection of Park resources. The Service estimates the total required investment to be approximately \$134.5 million in 2013 dollars.

Table 15: CFIP Schedule

PROJECT	ESTIMATED START DATE	ESTIMATED COMPLETION DATE	ESTIMATED TOTAL COST*
Lake Yellowstone Hotel Renovation – Phase II	2014	2015	\$16,600,000
Mammoth Hotel Repositioning	2015	2016	\$5,400,000
Canyon Area Lodging Redevelopment	2015	2018	\$70,500,000
Mammoth Cabin Renovation	2015	2015	\$690,000
Lake Area Employee Housing	2015	2015	\$5,400,000
Lake Lodge Cabins Rehabilitation/Relocation	2015	2020	\$8,600,000
Old Faithful Employee Housing	2016	2017	\$9,700,000
Fishing Bridge RV Park Redevelopment	2017	2018	\$17,700,000
Total Estimated Cost			\$134,590,000

Source: National Park Service

*Amount does not include Personal Property

LAKE YELLOWSTONE HOTEL RENOVATION- PHASE II

The Existing Concessioner will complete Phase I of the Lake Yellowstone Hotel Renovation during the term of the Existing Contract. The Concessioner must accomplish Phase II of the project, which includes retrofitting the hotel building for seismic structural stabilization, and expanding and modernizing deli services to increase utilization and improve food services. Additionally, this CFIP includes retrofitting the adjacent boiler building for seismic stabilization and remodeling it to accommodate administrative offices displaced by the deli project at the hotel. The Concessioner must complete the boiler building portion of the project prior to the Phase II hotel construction. The Service expects that \$8 million of the \$16.5 million required investment for Phase II and the Boiler Building project will be funded by Repair and Maintenance Reserve funds accrued during the term of the Existing Contract and turned over to the new Concessioner. The Service expects that



construction will commence in 2014 with completion in 2015. This Service estimates this project will result in a higher ADR and increased revenue from the deli.

MAMMOTH HOTEL REPOSITIONING

The Mammoth Hotel Repositioning will enable an extended season and provide more revenue generating space and opportunities for the Concessioner. The Concessioner must renovate the vacant historic Haynes Photo Shop to relocate its administrative function spaces from the hotel. The Concessioner must convert 7,000 square feet of the space vacated in the hotel to special function space (with a small support kitchen) and return to visitor use the rest of the space configured as three rooms without bath, three rooms with bath, and one two-bedroom suite. The Service expects construction to commence in 2015 with completion for use in 2016, at which time the hotel and associated food and beverage operation will become year-round. Because of the year-round food and beverage operation, the Service expects the season for the associated cabins to extend to 188 days and the special function space to boost occupancy during the shoulder season due to the ability to host conferences and other functions. The estimated required investment for this repositioning is \$5.4 million. The Service estimates this project will result in increased revenue from special functions and a higher stabilized occupancy.

CANYON AREA LODGING REDEVELOPMENT

This CFIP completes the phased construction concept described in the 1987 Canyon Redevelopment Plan (modified to meet LEED Silver Certification), which includes the replacement of 407 guest rooms in five new lodges. In an effort to maintain rate stratification in the Canyon area, the completed project will include 60 “budget” rooms with shared bathrooms, 10 suites, and 337 rooms similar to the ones in the existing Dunraven and Cascade lodges. This CFIP also requires the Concessioner to replace obsolete infrastructure resulting in extending the operating season at the location by 28 days.

The Canyon redevelopment project requires an estimated \$70.5 million investment. The Service expects the Concessioner to complete construction in the Canyon area for use by 2018. The Service expects to keep 301 existing units (100 Western cabins, 81 units in the Cascade and Dunraven lodges, and 120 cabin units in Loop A) open for the two summer seasons during construction of the new lodges. The Service expects this project to result in a slightly higher room night capture rate, continued occupancy of 90-95 percent, a higher ADR, and related increases in ancillary retail and food and beverage revenue.

MAMMOTH CABIN RENOVATION

In the Mammoth area, the Concessioner must renovate and return 14 cabins units currently occupied by employees to overnight visitor use. This may require the Concessioner to acquire out-of-Park employee housing. The Service expects the Concessioner to complete the Mammoth area cabin renovations for visitor use in 2015. The Mammoth cabin renovation requires an estimated investment of \$690,000. The Service expects the Mammoth cabin renovation project to result in a slightly higher occupancy rate with related increases in food and beverage and retail revenue.

LAKE AREA EMPLOYEE HOUSING

Teal Dormitory in the Lake area has reached the end of its useful life and requires replacement. This CFIP project requires the Concessioner to demolish and replace this dormitory with a new 60-room dormitory on an expanded Teal footprint. The Service expects the Concessioner to commence this project in 2015 and complete it for use by 2016. The Service estimates the construction costs associated with this employee housing project to be \$5.4 million. The Service expects this project will have no effect on revenue or expenses.

LAKE LODGE CABINS REHABILITATION/RELOCATION

This CFIP project includes the rehabilitation of 19 Pioneer cabin buildings, the rehabilitation and relocation of 15 Pioneer cabin buildings, and the relocation of six four-plex Western cabin buildings. The relocation project will result in the availability of those cabins for an additional 15 operating days. The Service estimated the cost of this project at \$8.6 million. The Service expects a significant increase in room revenue from the increased availability of the relocated cabins and ancillary increased food and beverage and retail revenue.



OLD FAITHFUL EMPLOYEE HOUSING

This CFIP project will provide improved employee housing and return guest cabins used for employee housing to visitor use. The Concessioner must construct a 77-room dormitory and return 67 cabins to visitor use. The Service requires the Concessioner to commence this project in 2016 and complete it for use by 2018. The Service estimates construction costs for this project to be \$9.7 million. The Service also anticipates this project will result in additional lodging and related food and beverage and retail revenue.

FISHING BRIDGE RV PARK REDEVELOPMENT

This CFIP requires the Concessioner to replace deteriorated infrastructure throughout the RV Park, redesign Loops E-G, remodel the comfort stations and camper services facility, and construct a new comfort station with showers. Loops A - D (Areas A-B in Appendix 3) will retain their existing site configuration, while Loops E-G sites (Area C in Appendix 3) will be modified to accommodate larger RVs. The existing overall footprint of the RV Park will remain the same, resulting in 328 sites (a loss of 30 spaces). The CFIP requires the Concessioner to complete this project in two phases. The Service estimates the cost of this project at \$17.7 million. The Service expects construction to occur in 2017 and 2018 and that some portions of the RV Park will be closed during those summer seasons. The Service expects the Concessioner to complete construction for full operation by 2019. The Service anticipates this project will result in a stabilized occupancy of 88-92 percent; no uplift in laundry, soap, and shower revenue; and minimal incremental retail revenue.

EXTERNAL FACTORS

External factors may affect the Concessioner's operations under the Draft Contract. In particular, prospective Offerors should consider the potential effects of the factors listed below when preparing their proposals.

WINTER USE PLANNING

Based on the special regulations in effect on the date of the issuance of this Prospectus, the Draft Contract requires the Concessioner to provide snowcoach transportation and charters, and authorizes guided snowmobile tours.

The Service's financial analysis included snowcoach allocations permitted by those regulations, as follows:

- Ten snowcoach tours daily from the North Entrance of the Park
- Sixteen snowcoach tours daily from the Old Faithful area of the Park
- Three snowcoach tours daily from the South Entrance of the Park

As of the date of issuing this Prospectus, were the Concessioner to choose to offer the authorized service of guided snowmobile tours, the permitted usage allocated to the Concessioner would be as follows:

- Twelve guided snowmobiles (including guide) daily from the North Entrance of the Park
- Twelve guided snowmobiles (including guide) daily from the Old Faithful area of the Park.

The special regulations may be found in Title 36, Code of Federal Regulations, Part 7.13.

The Service continues winter use planning that will result in new special regulations. The new regulations may require an amendment to the Draft Contract, modifying or eliminating the required and authorized services; increasing or decreasing, even to zero, the number of permitted snowcoaches; and increasing or decreasing, even to zero, the number of permitted snowmobiles.

DIRECTOR'S ORDER 35B (DO 35B)

DO 35B, Cost Recovery for National Park Service Provided Utilities, allows the Service to recover costs for utility-related cyclic repairs, cyclic rehabilitations, and capital improvements from concessioners. For additional information, see DO 35B, included as an Appendix to this Prospectus. Under certain conditions, the Service allows concessioners to recoup charges that exceed charges available through public utilities by



adjusting their rates for facilities and services. The Service annually calculates this adjustment, (called the “utility pass-through”). Please refer to current concession management guidelines for more information.

INVESTMENT ANALYSIS

LEASEHOLD SURRENDER INTEREST

The Initial Leasehold Surrender Interest (LSI) value for the YELL077-13 Draft Contract will be \$21,503,541. As set forth in Exhibit A to the Draft Contract, over the term of the Draft Contract, capital improvements included in the initial LSI value will depreciate on a 40-year straight-line schedule, so that over the full 20 year term of the Draft Contract, the initial LSI value will be reduced by fifty percent (50%), subject to the elective provision described below. In each year of the Contract when the Concessioner places into service LSI-eligible new or replaced capital improvements, the Service will apply a new straight-line 40-year depreciation schedule to such improvements.

ELECTIVE FRANCHISE FEE REDUCTION/LSI BUY DOWN PROVISION

Offerors may elect to accept the inclusion of a Franchise Fee Reduction/LSI Buy Down Provision in the Draft Contract as set forth in Section 15(c) of Exhibit A to the Draft Contract and described in Part C of the Proposal Package (Part III of this Prospectus). Under this provision, if elected by the Offeror, the Franchise Fee it offers (which the original proposed fee cannot be less than the minimum Franchise Fee set forth in the Proposal Package under Principal Selection Factor 5) would be reduced by the percentage set forth in Section 15(c) of Exhibit A for the term of the Draft Contract, and an amount equal to the difference between the offered Franchise Fee and the reduced Franchise Fee would be applied to buy down the ending LSI value of LSI improvements upon Contract expiration or earlier termination. In other words, an amount equal to the dollar amount the Concessioner would have paid in franchise fees over the Contract term (or earlier termination) had it not elected this option would be applied against the ending LSI value to buy it down.

The Service, in evaluating proposals, will not consider an Offeror’s choice as to whether or not to include this provision in the Contract.

PERSONAL PROPERTY INVESTMENT

The Service estimates the initial personal property investment associated with the YELL077-13 Draft Contract at \$17.6 million. This includes, but is not limited to, soft goods, case goods, vehicles, computers, kitchen equipment, furniture, etc. This estimate does not include the government owned personal property assigned to the Concessioner. Refer to Exhibit E of this Prospectus for a list of government owned personal property.

The Service estimates the personal property investment associated with the CFIP projects at \$10,525,000 in the first seven years of operation.

INITIAL INVESTMENT SUMMARY

A breakdown of the initial amounts the Service estimates the Concessioner will invest appears in the following table. Amounts are expressed in 2013 dollars.



Table 16: Initial Investment Summary

INITIAL INVESTMENT	AMOUNT
Leasehold Surrender Interest	\$21,503,539
Personal Property	17,600,000
Inventory	750,000
Staff Recruitment & Training	1,000,000
Out of Park Employee Housing – Mammoth (Year 1)*	1,500,000
Deferred Maintenance (Year 1)	2,362,000
Total	\$44,715,539

Source: National Park Service

*NPS estimate for replacing employee housing lost with Mammoth Cabin Renovation CFIP

REPAIR AND MAINTENANCE RESERVE

The Draft Contract requires the Concessioner to establish a Repair and Maintenance Reserve to use to fund component renewal that is non-recurring within a seven-year time frame as set out in Section 10(c) of the Draft Contract. The Concessioner must fund the Repair and Maintenance Reserve under the Draft Contract by allocating six percent (6.0%) of the Concessioner's annual gross receipts and sets the minimum amount the Concessioner must to expend on these Repair and Maintenance Reserve activities. As further explained in the Draft Contract, the Concessioner must expend sufficient additional monies to maintain the Concession Facilities to the satisfaction of the Director.

FRANCHISE FEE

The minimum franchise fee will equal to six and eight-tenths percent (6.8%) of the Concessioner's annual gross receipts for the term of the Draft Contract. Offerors may propose a higher minimum franchise fee, as described more fully in the Proposal Package (included in Tab III of this Prospectus). In addition, Offerors may elect a lower franchise fee and resulting LSI buy-down as explained elsewhere including, specifically, in Part C of the Proposal Package (Part III of this Prospectus) and in Exhibit A to the Draft Contract.

TERM AND EFFECTIVE DATE OF CONCESSION CONTRACT

The YELL077-13 Draft Contract has a term of twenty (20) years beginning on its effective date, which the Service estimates as November 1, 2013. The effective date of the Draft Contract may change prior to contract award if deemed necessary by the Service. The Service will change the expiration date of the Draft Contract to provide the same term length from any adjustment to the effective date.



MARKET AREA OVERVIEW

The Service believes the operations under the Draft Contract provide a unique opportunity for the Concessioner to operate in a world-famous location where visitor demand for services often exceeds the capacity of the operations. For informational purposes, however, the Service presents a brief market overview of the environment in which concession services in Yellowstone National Park operate. The gateway communities referred to in this Prospectus lie immediately adjacent to an entrance to the Park, such as West Yellowstone and Gardiner, Montana, or near to the Park and have significant influence, such as Cody and Jackson, Wyoming.

LODGING

The gateway communities most directly relate to the lodging operations inside the Park and serve primarily as overflow options for visitors unable to stay inside the Park.

The following summarizes the lodging industry conditions in gateway communities:

- Facilities, except in Jackson, depend almost entirely on Yellowstone National Park.
- Business, in general, has been improving and peak season remains sound, but the shoulder season and off-season pose challenges for businesses.
- Leisure demand is the dominant market segment. There has been further shift from tour buses to individual leisure travel in recent years.
- Length of stay has decreased over the past two years.
- Repeat customers are consistent, yet there has been a pattern of trading down to less expensive rooms since the economic downturn began in 2008.
- Ancillary spending (restaurants and gift shops) declined from typical levels since 2008.

RETAIL

The gateway communities offer many retail outlets from groceries and sundries to souvenirs and high-end art.

FOOD AND BEVERAGE

Although trends indicate visitors are bringing more sack lunches and opting to picnic inside the Park rather than use dining facilities, this statistic indicates the opportunity to capture substantial food and beverage spending with appealing, updated options. The following details the food and beverage options available in gateway communities surrounding the Park.

WEST YELLOWSTONE, MONTANA

West Yellowstone has about 45 restaurants and bars with a variety of offerings, ranging from national fast food chains (KFC, Dairy Queen, and McDonald's) to independent full-service dining. Of these 45 restaurants, approximately 65 percent are open year-round.

JACKSON, WYOMING

Jackson has at least 73 restaurants offering a large variety of food and beverage services ranging from cafés and taverns to full-service family restaurants, steakhouses, and fine dining restaurants. Most establishments are open year-round.

CODY, WYOMING

Cody has approximately 35 restaurants and eateries. Virtually all of these establishments are open year-round, and the menu offerings include steakhouses, taverns/pubs, fast food, coffee shops/bakeries, fine dining, and full-service restaurants.



GARDINER, MONTANA

Gardiner has approximately 20 restaurants and lounges with approximately two-thirds open year-round. Cafes, bars, and restaurants offer a wide range of meals from breakfast to steak dinners.

CAMPING

Camping is a popular and cost effective alternative to lodging accommodations. Campgrounds outside the Park depend highly on visitation to the Park. Most of these campgrounds operate seasonally and close during shoulder and winter months and offer comparable rates to those available inside the Park. Recreational vehicle (RV) parks and campgrounds with laundry, showers, and other amenities generally have higher rates and have high occupancy during summer months.

SITE VISIT

A Site Visit will occur on the date listed on the inside cover of this Prospectus. For more information regarding the specific time and to reserve a place, please contact the Park as follows:

George Helfrich
Chief, Concessions Management
Yellowstone National Park
Phone: 307/344-2270
Fax: 307/344-2279
E-mail: George_Helfrich@NPS.gov

The site visit will be an opportunity for all interested parties to get an overview of the concession operation along with a tour of Concession Facilities associated with the Draft Contract. Each interested Offeror is limited to having five persons attend the site visit.

